

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 21-388

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/21/2021 Filing Description: Reduction of Block Trade Minimum Threshold for CBOT Treasury Invoice Intercommodity Spreads

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: 526

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

October 21, 2021

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Reduction of Block Trade Minimum Threshold for CBOT Treasury Invoice Intercommodity Spreads. CBOT Submission No. 21-388**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “the Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) a reduction of the block trade minimum threshold level required to execute privately negotiated block transactions in intercommodity spreads between CBOT Treasury Invoice Swaps and the corresponding Related Futures Contracts (as defined in CBOT Chapter 58 (“Treasury Invoice Swaps”)) as noted in Exhibit 1 below effective Sunday, November 7, 2021, for trade date Monday, November 8, 2021 (collectively, the “Rule Amendments”).

Exhibit 1

<i>Intercommodity Treasury Invoice Spread</i>	<i>Commodity Code</i>	<i>Block Trade Minimum Threshold</i>	
		<i>Current</i>	<i>Amended</i>
Two-Year Treasury Invoice Spread	T1A, T2A, T3A	2,300	500
Five-Year Treasury Invoice Spread	F1A, F2A, F3A	2,400	500
Ten-Year Treasury Invoice Spread	N1A, N2A, N3A	1,700	400
Ultra Ten-Year Treasury Invoice Spread	UT1, UT2, UT3	1,700	200
Treasury Bond Invoice Spread	B1A, B2A, B3A	1,200	150
Ultra Bond Invoice Spread	U1A, U2A, U3A	1,200	100

The reduced minimum quantity requirements shall apply exclusively to block trades in intercommodity spreads between Treasury Invoice Swaps and the corresponding Related Futures Contracts (“Treasury Invoice Swap Spreads”). Block trades in CBOT Treasury Invoice Swap Spreads will improve transparency for the entire marketplace as the complete details of the trade (time of execution, size, and price of both legs) will be available for the entire spread transaction.

The Exchange previously set minimum quantity requirements for block trades in Treasury Invoice Swap Spreads at highly conservative levels that matched the minimum quantity requirements for outright swaps subject to the trade execution requirement of Section 2(h)(8) of the Commodity Exchange Act (“CEA” or “Act”).<sup>1</sup>

<sup>1</sup> See *CFTC Regulation §40.2(a) Certification. Notification Regarding Listing of Treasury Invoice Swaps*, CBOT Submissions 14-455 (1 through 5, inclusive), October 27, 2014, which is available at [http://www.cmegroup.com/market-regulation/files/14-455\\_1.pdf](http://www.cmegroup.com/market-regulation/files/14-455_1.pdf), and *CFTC Regulation 40.2(a)*

CBOT electively applied these conservative levels notwithstanding that the swap leg of a Treasury Invoice Swap Spread is a DCM-listed product that is executed simultaneously with a futures contract and as a non-MAT swap is not subject to the CEA Section 2(h)(8) swap trade execution requirement.

The Rule Amendments seek to align them more closely with the transaction size standards and the liquidity profile that now prevail in the over-the-counter market in Treasury invoice swaps and Treasury invoice swap spreads. The need for reduced minimum block trade level requirements is readily demonstrated by the lack of activity in the electronic central limit order book for Treasury Invoice Swap Spreads on the CME Globex electronic trading platform and the lack of block trades submitted for clearing via CME ClearPort.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the CEA and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Availability of General Information**  
The Exchange shall publish on its website information regarding futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information. In addition, the Exchange shall publish on the CME Group website a Special Executive Report (“SER”) regarding the Rule Amendments. The Exchange also shall publish on the CME Group website revisions to the reference tables of *CME, CBOT, NYMEX, and COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds* that serve to supplement, and to facilitate interpretation of and compliance with, CBOT Rule 526.<sup>2</sup>
- **Execution of Transactions**  
Core Principle 9 permits a designated contract market to authorize transactions that are executed away from the designated contract market's centralized marketplace, provided that such transactions are made for *bona fide* business purposes.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

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*Certification. Notification Regarding the Initial Listing of Ultra Ten-Year Treasury Invoice Swap Contracts*, CBOT Submissions 16-163 (1 through 6, inclusive), May 18, 2016, which is available at [http://www.cmegroup.com/market-regulation/rule-filings/2016/05/16-163\\_6.pdf](http://www.cmegroup.com/market-regulation/rule-filings/2016/05/16-163_6.pdf). While the CBOT Treasury Invoice Swaps entailed in the trading of Treasury Invoice Swap Spreads are subject to the clearing requirement of CEA Section 2(h)(1) of the Act, they never have been and are not currently subject to the trade execution requirement of CEA Section 2(h)(8).

<sup>2</sup> Such reference tables are available at <http://www.cmegroup.com/clearing/trading-practices/block-trades.html#generalInfo>, and <http://www.cmegroup.com/clearing/trading-practices/block-trades.html#cmProducts>, and <http://www.cmegroup.com/education/files/block-minimum-thresholds-list.xlsx>